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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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Arizona Corporation Commission

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JAN 15 2009

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IN THE MATTER OF THE APPLICATION
OF SPANISH TRAIL WATER CO. AND
SAGUARO WATER CO. TO MODIFY
THEIR EXISTING CERTIFICATES OF
CONVENIENCE AND NECESSITY

Docket No. W-01816A-06-0177 and
Docket No. W-01790A-06-0177

Motion To Vacate Tariff Filings

On June 6, 2007, the Commission issued Decision No. 69646, which granted the joint requests of Spanish Trail Water Company and Saguaro Water Company to transfer a portion of Saguaro's service territory under its Convenience and Necessity (CC&N) to Spanish Trail. (Order, Pg. 1, lines 19-20). As a part of that Order, the Commission directed the two water companies file a Hook-up Fee Tariff application for new residential and commercial customers. (Order, Pg. 9, lines 1-3.)

Thereafter, on December 6, 2007, each of the water utilities docketed a Hook-Up Fee Tariff, in accordance with Decision No. 69646. Some weeks later, the ACC Utilities Division Staff ("Staff") docketed a Motion To Suspend Tariff, filed on January 3, 2008, in order to analyze in greater detail the anticipated effects of the Tariffs. In September 22, 2008, the Staff issued two Staff Reports:

A. The Staff recommended that the Tariff proposed by the Saguaro Water Company be declined.

The Saguaro Water Company concurs with the Staff recommendation, and hereby elects to withdraw its application for a Hook-Up Fee Tariff.

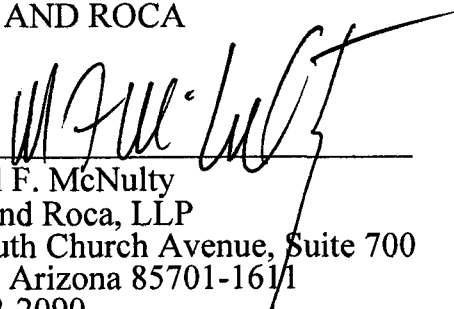
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2 B. The Staff Report for the Spanish Trail Water Company Hook-Up Fee
3 Tariff recommended a tariff substantially smaller than the Tariff
4 proposed by Spanish Trail. Pursuant to a Stipulation entered into
5 between the Staff and the Applicant, the last date for comments was
6 scheduled on October 28, 2008, when Applicant filed its Response to
7 Staff Report.

8 Following the filing of its Response, Spanish Trail conducted several meetings
9 between Staff, Spanish Trail, and Spanish Trail's consultants. During November and
10 December, increasing attention was given to the fact that any hook-up fee tariff that would
11 be found approvable by the Commission's staff would be premised upon significant
12 capital outlays or corporate borrowings, flowing from a build-out scenario that is, at least
13 in hindsight, infeasible and unrealistic.

14 The estimated \$21,679,375 in capital costs that have been projected to serve the
15 entirety of Applicant's service area contemplate infrastructure construction vastly in
16 excess of current projections. The national recession has caused Applicant to reevaluate
17 the likely development scenarios, the consequence of which is that Applicant has
18 concluded that there is little if any likelihood of imminent growth or development within
19 the Applicant's service area in the foreseeable future. Consequently, Applicant has
20 concluded that rather than file further alternative Hook-Up Fee Tariff proposals, in hopes
21 that such projections would meet the Staff's expectations, it desires instead to vacate its
22 Hook-Up Fee Tariff filing.
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1 RESPECTFULLY SUBMITTED this 15th day of January, 2009.

2 LEWIS AND ROCA

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4 
5 Michael F. McNulty
6 Lewis and Roca, LLP
7 One South Church Avenue, Suite 700
8 Tucson, Arizona 85701-1611
9 520-622-2090

10 Attorneys for Spanish Trail Water Company, and
11 Saguaro Water Company

12 ORIGINAL and thirteen (13) copies
13 of the foregoing hand-delivered
14 this 15th day of January, 2009, to:

15 Arizona Corporation Commission
16 Utilities Division – Docket Control
17 1200 W. Washington Street
18 Phoenix, Arizona 85007

19 COPY of the foregoing hand-delivered
20 this 15th day of January, 2009, to:

21 Compliance Section
22 Utilities Division
23 Arizona Corporation Commission
24 1200 West Washington Street
25 Phoenix, Arizona 85007

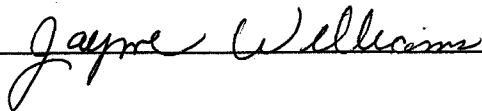
26 Mr. Kevin O. Torrey, Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

1 Mr. Ernest Johnson, Director
2 Utilities Division
3 Arizona Corporation Commission
4 1200 West Washington Street
5 Phoenix, AZ 85007

6 COPY of the foregoing delivered via U. S. Mail
7 This 15th day of January, 2009, to:

8 Spanish Trail Water Company
9 Camp Lowell Corporate Center
10 4572 East Camp Lowell Drive
11 Tucson, AZ 85712

12 Saguaro Water Company
13 Camp Lowell Corporate Center
14 4572 East Camp Lowell Drive
15 Tucson, AZ 85712

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